

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI PRIORITY

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JOINT STATE/COMMERCE MESSAGE

E.O. 11652: N/A

TAGS: BEXP, ETRD: TW

SUBJECT: ROC GOVERNMENT BUYING MISSION

REFERENCE: (A) TAIPEI 7519, (B) STATE 299735

1. REFTEL A ADDS TO OUR FEARS THAT ROC VIEWS BUYING MISSION AS POTENTIALLY MUCH MORE VALUABLE AS AN INSTRUMENT FOR MAKING A PUBLIC RELATIONS SPLASH RATHER THAN FOR PURSUING SERIOUSLY WAYS TO MAKE A SIGNIFICANT IMPACT ON U.S./TAIWAN TRADE IMBALANCE. WE DO NOT BELIEVE THAT TWO TO THREE DAY STOPS IN SOME 14 STATE CAPITALS PLUS WASHINGTON, D.C., ARE LIKELY TO LEAVE MUCH TIME FOR SERIOUS SHOPPING FOR AMERICAN GOODS. TENTATIVE ITINERARY PRESENTED IN REFERENCE A APPEARS TO INCLUDE A NUMBER OF STOPS WHERE IT IS HARD TO SEE HOW SUBSTANTIAL BUSINESS COULD BE TRANSACTED. CONSPICUOUSLY MISSING FROM SCHEDULE ARE

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INDUSTRIAL HEART LANDS OF NORTHEAST AND MUCH OF MIDWEST. WE ARE PUZZLED AT WHY GROUP SHOULD BE COMPRISED OF ALMOST ONE-HALF AGRICULTURAL PERSONNEL. AS WAS POINTED OUT IN TAIPEI 7541 AND 6834, AGRICULTURAL PURCHASES INCLUDED IN "BUY AMERICA" PACKAGE MOSTLY WERE UNDER NEGOTIATION OR DEALS ALREADY HAD BEEN MADE.

2. WE AGREE WITH EMBASSY'S POINT THAT ENTERING INTO A NUMBERS GAME WITH THE ROC AT THIS TIME WOULD NOT BE PRO-
DUCTIVE. ON THE OTHER HAND, WE THINK IT ESSENTIAL THAT THE
GROC UNDERSTAND THAT FAILURE OF THE BUYING MISSION TO
EITHER PURCHASE OR ENTER INTO ACTIVE NEGOTIATIONS FOR ITEMS
SUBSTANTIALLY EXCEEDING THE 50 MILLION DOLLARS IN NON-
AGRICULTURAL PURCHASES INCLUDED IN ORIGINAL QUOTE BUY
AMERICA UNQUOTE PACKAGE WOULD BE INTERPRETED IN THE U.S.
AS ABSENCE OF SERIOUS INTENT.

3. AT THE PRESENT TIME, EMPHASIS SEEMS TO BE ON HIGHLY
VISIBLE VISITS TO STATE CAPITALS WHERE THERE IS KNOWN TO
BE CONSIDERABLE SENTIMENT ON THE SIDE OF CONTINUED U.S./
R.O.C. DIPLOMATIC AND SECURITY RELATIONS. WHILE WE DO NOT
EXPECT THE GROC TO AVOID COMPLETELY PUBLIC RELATIONS EX-
PLOITATION OF THE BUYING MISSION, IT SHOULD UNDERSTAND THAT
SERIOUS SHOPPING IN THE U.S. WILL REQUIRE EXTENSIVE TIME
SPENT ON PLANT VISITS, PRESENCE AT APPROPRIATE TRADE SHOWS,
CONTACT WITH TRADE ASSOCIATIONS, ETC. AS PRESENTED THUS
FAR, PLANS FOR BUYING MISSION WOULD NOT WARRANT EXTENSIVE
USE OF USDOC FOREIGN BUYERS PROGRAM RESOURCES. WITHOUT
SOME INDICATION OF GROC RESPONSE TO SUGGESTIONS MADE IN
REFERENCE B, USDOC CANNOT BEGIN TO ASSIST IN MAKING ARRANGE-
MENTS. AT THIS STAGE, WE DO NOT BELIEVE TRAVEL FUNDS FOR
ESCORT OFFICER EITHER FROM AMEMBASSY TAIPEI OR COMMERCE/
STATE CAN BE JUSTIFIED.
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4. MAXIMUM GAIN IN TERMS OF LONG-TERM U.S. MARKET POSITION
WILL REQUIRE BASIC CHANGE IN ENTRENCHED ROC PROTECTIONIST
POLICIES. TARIFFS WILL PRESUMABLY BE DEALT WITH EVENTUALLY
IN PROPOSED U.S./R.O.C. BILATERALS COVERING APPLICATION OF
MTN CONCESSIONS TO TAIWAN. REPORTS FROM INDUSTRY SECTOR
ADVISORY GROUPS INDICATE DUTY UPLIFT (ROC CUSTOMS PRACTICE
OF ROUTINELY DEFINING DUTIABLE VALUE AS CIF PRICES PLUS 20
PERCENT MARKUP) IS SINGLE NON-TARIFF MEASURE (NTM) OF MOST
CONCERN TO U.S. FIRMS. EMBASSY'S ADVICE IS REQUESTED ON
POSSIBLE APPROACH TO GROC CONCERNING LIBERALIZATION THIS
OR OTHER NTM'S AS EVIDENCE OF INTENT TO INCREASE TRADE WITH
U.S.

5. ACTION REQUESTED: WE BELIEVE IT IS IMPORTANT THAT EM-
BASSY EMPHASIZE, AT A LEVEL HIGHER THAN H.K. SHAO, THESE
VIEWS OF DEPT. AND USDOC. ACCORDINGLY, EMBASSY SHOULD SEEK
APPOINTMENT WITH EITHER VICE MINISTER OF FOREIGN AFFAIRS
CHIEN OR MINISTER OF ECONOMICS SUN TO MAKE THE FOLLOWING
POINTS:

A. USG, WHICH REGARDS THE CURRENT TRADE DEFICIT WITH

ROC AS A VERY SERIOUS MATTER INDEED, WELCOMES ROC INTENTION TO SEND A BUYING MISSION TO U.S. PROTECTIONIST SENTIMENT (SEE, FOR EXAMPLE, RECENT SPEECH BY GEORGE MEANY) IS RISING RAPIDLY IN THIS COUNTRY AND WITHOUT MEANINGFUL AMELIORATIVE STEPS IS LIKELY TO HAVE A SERIOUS IMPACT.

B. USG HOPES VISIT WILL BEGIN IN WASHINGTON SO THAT SENIOR GOVERNMENT OFFICIALS WILL BE ABLE TO BRIEF MISSION ON CURRENT TRENDS AND VIEWS WITH RESPECT TO TRADE PROBLEMS.

C. WE ARE DISAPPOINTED AT WITHDRAWAL OF ALL BUT THREE REPRESENTATIVES OF STATE ENTERPRISES AND THAT, AS LIMITED OFFICIAL USE

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CURRENTLY PLANNED, THE GROUP WILL NOT VISIT LOCALITIES IN WHICH THE GREATEST POTENTIAL FOR SALES EXISTS (FOR EXAMPLE, INDUSTRIAL AREAS IN THE NORTHEAST AND MIDDLE WEST). WE BELIEVE THAT COURTESY CALLS ON STATE GOVERNMENTS SHOULD NOT TAKE PRECEDENCE OVER ACTUAL NEGOTIATION OF BUSINESS.

D. FOR ITS PART, USG STANDS READY TO ESTABLISH LIAISON WITH TRADE ASSOCIATIONS, ARRANGE FOR ATTENDANCE AT SELECTED U.S. EXHIBITIONS, ETC. IT IS THROUGH CONTACTS LIKE THESE THAT MEANINGFUL BUSINESS DEALS CAN BE CONCLUDED. IT ALSO WOULD BE FAR MORE EFFICIENT IF THE GROUP WERE TO SPLIT UP SO THAT INDIVIDUAL MEMBERS CAN CONCENTRATE ON ITEMS OF MOST INTEREST TO THEMSELVES.

E. IF GROC WILL PROVIDE MORE SPECIFIC INFORMATION AS TO INTERESTS AND AREAS OF CONCENTRATION, USDOC WILL PROCEED WITH ARRANGEMENTS ALLOWING FOR MOST EFFICIENT USE OF THE BUYING MISSION'S TIME. VANCE

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